

Committee:	OPERATIONS COMMITTEE	Agenda Item
Date:	November 16, 2006	6
Title:	LOCAL GOVERNMENT PENSION SCHEME AND COUNCIL REDUNDANCY POLICY	
Author:	Alasdair Bovaird, Chief Executive, 01799 510400	Item for decision

Summary

At its previous meeting, the Operations Committee agreed that the council's policy on augmented redundancy payments should be reviewed within six months. Since that time, it has become clear that there is a need to have a provisional policy in place on a more urgent timescale.

Recommendations

1. That the scheme for augmented payments as set out in this report be adopted as a temporary measure.
2. That the scheme be further reviewed twelve months from now, in the light of the experience of its operation within Uttlesford and any emerging pattern of augmentation schemes from neighbouring and/or regional authorities.

Background Papers

The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

The minutes and papers of the meeting of Operations Committee, 28th September 2006.

Impact

Communication/Consultation	Staff and union representatives will be consulted on the operation of the scheme and on its principles.
Community Safety	None
Equalities	The policy will apply equally to all staff. The need to review our policy arises as a result of legislative change in respect of age discrimination.
Finance	Any specific proposals for the use of the scheme will need to be considered in accordance with council procedures and the financial implications assessed on a case by case basis.
Human Rights	None

Local Government Pension Scheme and Council Redundancy Policy
Operations Committee, November 16, 2006

Legal implications	The application of the scheme will be monitored in accordance with emerging case law and further clarification of regulations.
Ward-specific impacts	None
Workforce/Workplace	The adoption of a clear scheme will enable staff to enter into discussion with management and unions on potential redundancy or efficiency situations with clear expectations.

Situation

1. At its previous meeting, the Operations Committee was advised on changes to pension regulations which would require the council to adopt a revised approach to augmentation of redundancy payments in order to promote the efficiency of the service.
2. The committee agreed to undertake a review of the council's redundancy and early retirement policies to ensure that the full effect of the new regulations – once finalised – can be incorporated. However, it is now clear that we require some framework to enable the organisation to continue to make efficiency gains and to promote changed ways of working.
3. There are three broad circumstances in which the council's policy on redundancy and early retirement applies:
 - A 'straightforward' redundancy in which the council has no longer any requirement for the duties covered by the post in question;
 - An early retirement for a member of staff whose age entitles them to gain access to their pension;
 - A mutually agreed redundancy and/or retirement in the interests of the efficiency of the service.
4. This report relates only to the last of the three circumstances above. The council's existing policies will continue to apply to the other circumstances.

Targets

5. The council needs to have in place a robust policy which:
 - Ensures fair treatment for staff;
 - Is consistent with regulations and legal requirements;
 - Contains costs;
 - Supports and encourages a smooth transition in managerial and/or operational arrangements.

Proposed scheme

6. In discussion with the regional employers organisation and other advisors, it is clear that there is –as yet – no consensus as to the application of the new regulations. Therefore it is proposed that the following scheme be adopted subject to a final review within twelve months taking account of the operation of the scheme within Uttlesford and the experience of other organisations.
7. The scheme proposed would generate a proposed redundancy settlement, where it is in the interests of the efficiency of the service and subject to case by case approval by Operations Committee or under delegated authority in accordance with the council's scheme of delegation.
8. The proposed settlement would be calculated as follows:

- Any member of staff being made redundant is entitled to receive the statutory minimum redundancy payment, which represents a number of weeks of the person concerns annual salary. The number of weeks is determined according to regulations based on a cross-tabulation of the age of the person concerned and their length of service. For example a person aged 55 years, with twenty years service is entitled to a statutory minimum payment equivalent to 27 weeks of their annual salary.
 - The statutory maximum permitted payment is 104 weeks salary. It is proposed that Uttlesford's scheme should have a maximum of 78 weeks salary.
 - It is proposed that the statutory minimum should be enhanced by a maximum multiplier of 2.89. This figure is derived by dividing the maximum payment permitted (78 weeks) by the highest number of weeks that someone might be entitled to at the age of 55 (i.e. 27 weeks).
 - The extent to which the minimum payment is augmented will be determined according to eight criteria:
 - i. Is the redundancy voluntary?
 - ii. Does the redundancy create opportunities to the council to improve its operations, its efficiency or provide opportunities to other staff to progress?
 - iii. Has the postholder – over their career – made a contribution to the health and success of the organisation beyond that required as a natural part of their duties?
 - iv. Does the postholder have a record of good appraisals?
 - v. Does the postholder have a good attendance record?
 - vi. Does the postholder have a track record of promoting and securing partnership working?
 - vii. Has the postholder delivered efficiency gains and/or savings over their career with the council?
 - viii. Has the postholder been able to generate funds/income for the council over their time in post?
 - For each of the above criteria which the postholder meets, their proposed settlement will move one-eighth of the distance from the statutory minimum payment towards the maximum available payment (i.e. 2.89 times the statutory minimum).
 - Thus, a member of staff who is entitled to 27 weeks redundancy pay and scores on all eight criteria would be eligible for 78 weeks pay under the augmentation regime. If their original entitlement was only 13.5 weeks, their maximum payment would be only 39 weeks. Similarly, if the postholder, entitled to 27 weeks, met only four of the eight criteria, their settlement payment would be 52.5 weeks.
9. Under this scheme, the cost of any enhancement to pension rights will need to be met from the overall settlement agreed by council. Any such

enhancement would arise only as the choice of the person concerned and in accordance with the council's policies and scheme of delegation.

Risk Analysis

The following have been assessed as the potential risks associated with this issue.

Risk	Likelihood	Impact	Mitigating actions
That the scheme is found not to comply with regulations when they finally appear	Low	Medium	The scheme will be kept continuously under review as regulations and case law appear and members will be asked to agree changes as the need arises.
That the scheme proves unaffordable	Low	High	The scheme only applies to redundancies in which there are demonstrable efficiency gains to the council.